

Message Text

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PAGE 01 STATE 187178
ORIGIN ARA-14

INFO OCT-01 ISO-00 OPIC-06 EB-08 COME-00 L-03 /032 R

DRAFTED BY ARA/CAR:RJSURBER:SMA

APPROVED BY ARA/CAR:JCGRIFFITH

OPIC:CHUNT

-----049616 251640Z /50

O 251535Z JUL 78

FM SECSTATE WASHDC

TO AMEMBASSY KINGSTON IMMEDIATE

UNCLAS STATE 187178

E.O. 11652: N/A

TAGS: OVIP (ARELLANO)

SUBJECT: ARELLANO VISIT - BRIEFING MATERIAL

1. OPIC GENERAL COUNSEL CECIL HUNT PROVIDED FOLLOWING MATERIAL FOR INCLUSION IN STATE/COMMERCE TEAM'S BRIEFING BOOKS.

2. QUOTE. AT THE TIME JAMAICA IMPOSED THE BAUXITE PRODUCTION LEVY IN 1974 IT TOOK ACTION TO NULLIFY AGREEMENTS UNDER WHICH CERTAIN DISPUTES WITH SOME OF THE ALUMINUM COMPANIES WERE TO BE SUBMITTED TO THE INTERNATIONAL CENTER FOR THE SETTLEMENT OF INVESTMENT DISPUTES (ICSID). THE EFFECT OF THIS JAMAICAN ACTION ON THE PARTICULAR DISPUTES IN QUESTION WAS LIMITED; THE ICSID TRIBUNAL HELD THAT JAMAICA'S ATTEMPT TO WITHDRAW JURISDICTION RETROACTIVELY WAS INEFFECTIVE AND THE ICSID PROCEEDINGS THEMSELVES WERE NOT PURSUED BY THE COMPANIES AFTER THEY NEGOTIATED NEW ARRANGEMENTS WITH JAMAICA. THE MANNER IN WHICH JAMAICA SHOWED DISREGARD FOR THESE MULTILATERAL DISPUTE PROCEDURES CAUSED A NEGATIVE REACTION IN THE BUSINESS

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COMMUNITY AND THE USG NOTED OFFICIAL CONCERN. THIS IS AN AREA TO WHICH JAMAICA MIGHT WELL GIVE SOME ATTENTION AS IT SEEKS TO REHABILITATE ITS INVESTMENT CLIMATE.

BACKGROUND. IN MAY 1974, THE GOJ ADVISED ICSID THAT IT WAS WITHDRAWING DISPUTES RELATING TO MINERALS FROM THE

JURISDICTION OF ICSID. JAMAICA HAD PREVIOUSLY ENTERED
INTO INVESTMENT CONTRACTS WITH THREE ALUMINUM COMPANIES
PROVIDING FOR SUBMISSION OF DISPUTES TO ICSID.

THE JUNE 1974 (BAUXITE PRODUCTION LEVY ACT) CONTAINED
A SECTION AMENDING THE INVESTMENTS DISPUTES AWARDS
(ENFORCEMENT) ACT, 1966 (WHICH HAD IMPLEMENTED JAMAICA'S
COMMITMENTS UNDER THE ICSID CONVENTION) TO REMOVE THE
ENFORCEMENT OF ICSID AWARDS RELATING TO NATURAL RESOURCES
FROM THE JURISDICTION OF THE JAMAICA COURTS.

THE ICSID CONVENTION DOES NOT OBLIGATE A SIGNATORY
GOVERNMENT TO SUBMIT ALL INVESTMENT DISPUTES TO ICSID.
IT DOES PROVIDE, HOWEVER, THAT WHERE THE INVESTOR AND
HOST GOVERNMENT HAVE AGREED TO SUBMIT DISPUTES TO
ICSID, EITHER AS PART OF THE ORIGINAL INVESTMENT
ARRANGEMENTS OR WITH RESPECT TO A PARTICULAR DISPUTE
THAT HAS ALREADY ARisen, THE AWARD OF THE ICSID TRIBUNAL
SHALL BE BINDING ON THE PARTIES AND MUST BE ENFORCED
BY THE COURTS OF ALL SIGNATORY COUNTRIES.

END QUOTE. VANCE

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Message Attributes

Automatic Decaptoning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 25 jul 1978
Decapton Date: 01 jan 1960
Decapton Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE187178
Document Source: CORE
Document Unique ID: 00
Drafter: RJSURBER:SMA
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780305-0034
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780722/aaaaassh.tel
Line Count: 84
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 6915e76c-c288-dd11-92da-001cc4696bcc
Office: ORIGIN ARA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1893064
Secure: OPEN
Status: NATIVE
Subject: ARELLANO VISIT - BRIEFING MATERIAL
TAGS: OVIP, (ARELLANO, RICHARD)
To: KINGSTON
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/6915e76c-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014